

Fixed-income Perspectives

SBV withdraws liquidity ahead of Independence Day

SBV withdraws liquidity significantly

In 35W25 (25 to 29 August), the SBV returned to net liquidity withdrawal as a large batch of repos matured. The SBV withdrew VND17.27tn from the banking system, with VND58.82tn of repos maturing versus VND41.55tn newly issued.

Short-term interbank rates cool

This week on the interbank market, the curve steepened as short-term rates eased notably while longer tenors edged lower, with the trading volume rose slightly. Specifically, the overnight, 1-week, 2-week, and 1-month rates fell by 98bps, 67bps, 68bps, and 13bps, respectively, to 3.80%, 4.23%, 4.70%, and 5.20%. Additionally, average trading volume increased to VND561.86tn, up 3.11% from the previous week.

USDVND pressure stalls

This week, USDVND was broadly flat, slipping 0.05% (13ppts), while the greenback edged up 0.06% on Friday. Globally, the dollar moved on U.S. labor and inflation data alongside rising expectations for a rate cut at the upcoming FOMC meeting. Domestically, with Independence Day and government support transfers to citizens, the exchange rate may face some pressure in the near term, although the impact is likely to be modest.

Vietnam economic indicators

	25-Feb	25-Mar	25-Apr	25-May	25-Jun	25-Jul	corr.
FDI %YoY	9.1	9.9	7.7	9.6	8.8	10.1	-0.22
Retail sales %YoY	9.4	9.8	9.3	9.5	8.3	9.2	-0.17
Export %YoY	25.7	14.5	19.7	17.0	16.3	16.0	-0.07
Import %YoY	40.0	19.0	22.8	14.1	20.2	17.8	0.02
Trade balance (USD bn)	-1.5	1.6	0.6	0.6	2.8	2.3	-0.05
CPI %MoM	0.34	-0.03	0.07	0.16	0.48	0.11	-0.04
Credit %YoY	16.8	14.1	18.8	18.5	19.2	19.1	-0.28
USDVND %MoM	1.89	0.03	1.64	0.15	0.30	0.20	-0.32
PMI (pts)	49.2	50.5	45.6	49.8	48.9	52.4	-0.07
VNINDEX return (%)	3.2	0.1	-6.1	9.2	3.5	9.5	1.00

Source: SBV, GSO, Bloomberg, KIS

¹ Correlation to VNINDEX's monthly return

Green = acceleration; yellow = deceleration; red = contraction.

Contents

I. SBV withdraws liquidity significantly.....	1
II. Short-term interbank rates cool.....	3
III. G-bond issuance remains subdued.....	4
IV. USDVND pressure stalls.....	6
Macro scorecard	8
Appendix	9

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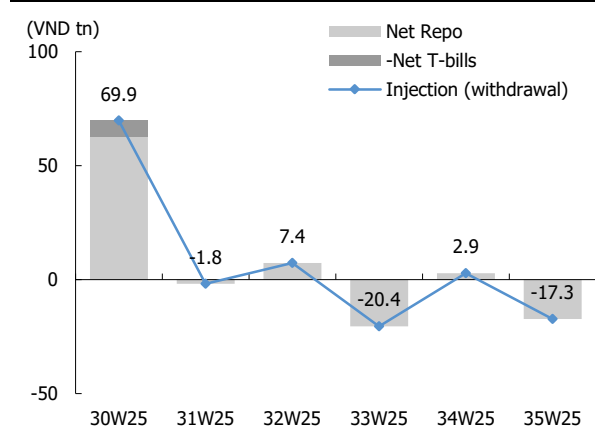
I. SBV withdraws liquidity significantly

SBV returns to net withdrawal as demand cools

In 35W25 (25 to 29 August), the SBV returned to net liquidity withdrawal as a large batch of repos matured. The SBV withdrew VND17.27tn from the banking system, with VND58.82tn of repos maturing versus VND41.55tn newly issued.

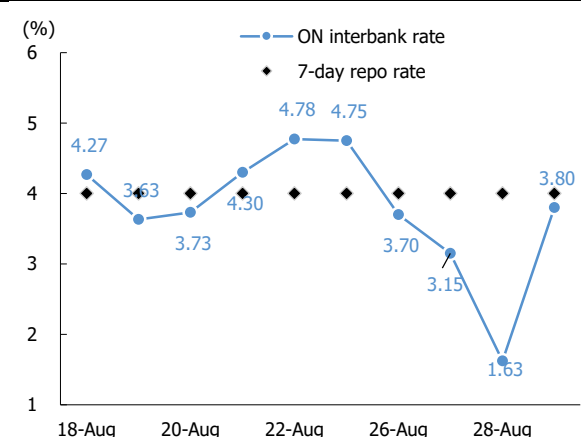
These developments indicate that liquidity demand in the banking system has cooled, allowing the SBV to reduce outstanding repos. In the coming weeks, we expect the SBV to remain focused on ensuring the smooth functioning of the banking system by maintaining adequate liquidity and preventing funding-cost pressures in the money market.

Figure 1. Net injection (withdrawal) of liquidity



Source: SBV, KIS

Figure 2. Interest rate corridor



Source: SBV, KIS

Figure 3. Repo transactions: 7-days tenor

Issue date	Maturity Date	Tenor (days)	Amount (VNDtn)	Yields (%)
25-Aug-25	01-Sep-25	7	1.08	4.00
Total		7	1.08	4.00

Source: SBV, KIS

Figure 4. Repo transactions: 14-days tenor

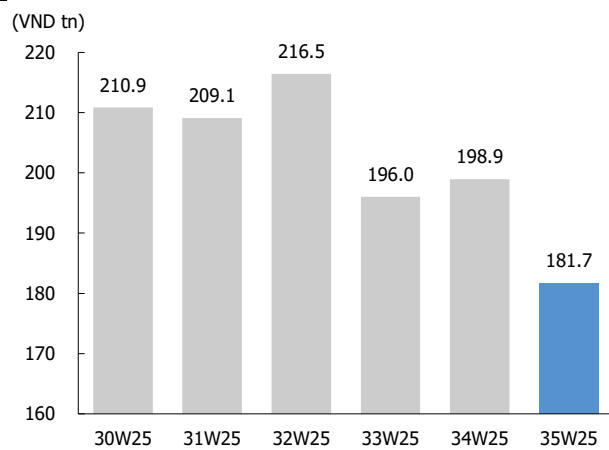
Issue date	Maturity Date	Tenor (days)	Amount (VNDtn)	Yields (%)
25-Aug-25	8-Sep-25	14	25.09	4.00
29-Aug-25	12-Sep-25	14	0.27	4.00
Total		14	25.37	4.00

Source: SBV, KIS

Figure 5. Repo transactions: 28 days tenor

Issue date	Maturity Date	Tenor (days)	Amount (VNDtn)	Yields (%)
25-Aug-25	22-Sep-25	28	6.44	4.00
26-Aug-25	23-Sep-25	28	3.78	4.00
29-Aug-25	26-Sep-25	28	4.89	4.00
Total		28	15.10	4.00

Source: SBV, KIS

Figure 6. Outstanding amount of repos

Source: SBV, KIS

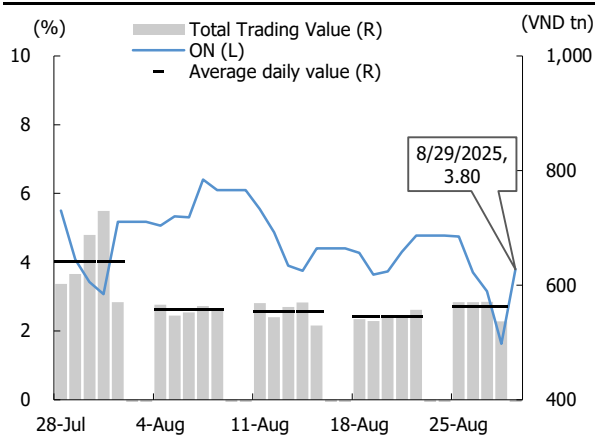
II. Short-term interbank rates cool

Interbank curve steepens as the short end drops sharply

This week on the interbank market, the curve steepened as short-term rates eased notably while longer tenors edged lower, and trading volume rose slightly. Specifically, the overnight (ON), 1-week (1W), 2-week (2W), and 1-month (1M) rates fell by 98bps, 67bps, 68bps, and 13bps, respectively, to 3.80%, 4.23%, 4.70%, and 5.20%. Additionally, average trading volume increased to VND561.86tn, up 3.11% from the previous week.

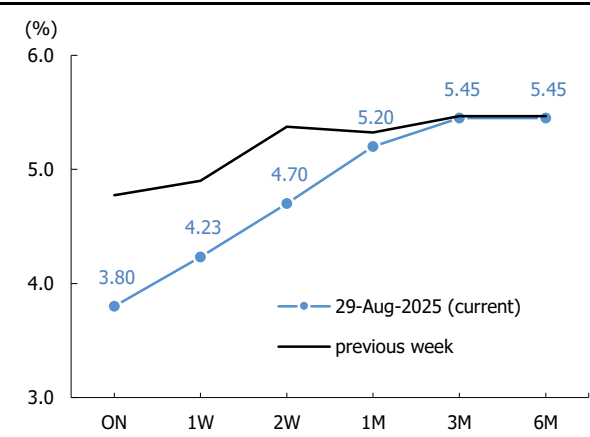
This pattern suggests that liquidity pressures have eased on the interbank market following the SBV's recent OMO injections as banks accelerate disbursements to support their 2H25 activities. We expect interbank rates to remain broadly stable around current levels in the coming weeks.

Figure 7. Interbank daily transaction



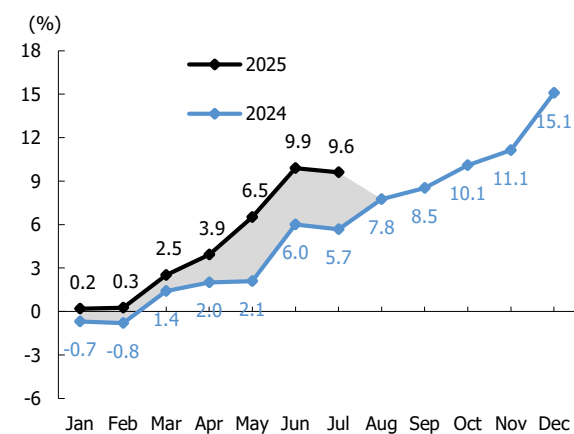
Source: SBV, Bloomberg, KIS

Figure 8. Interbank rate curve



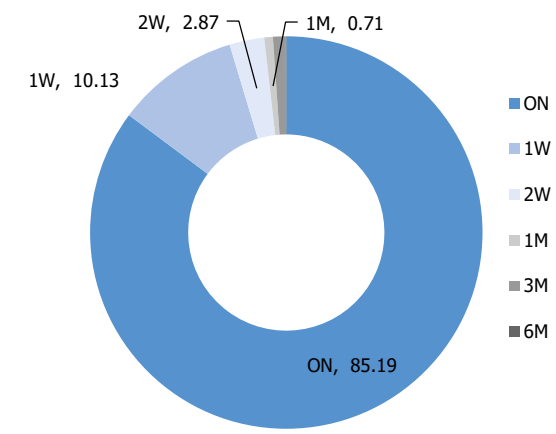
Source: SBV, Bloomberg, KIS

Figure 9. Credit growth by month of the year



Source: SBV, Bloomberg, KISVN
Note: Updated by 28 July, 2024

Figure 10. Interbank transaction structure



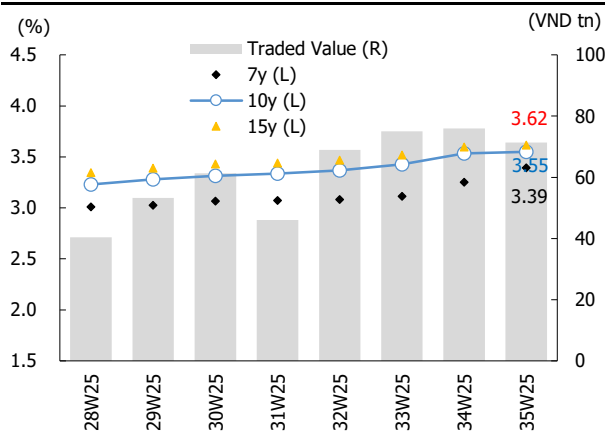
Source: SBV, Bloomberg, KISVN

III. G-bond issuance remains subdued

G-bond activity stays muted ahead of the holiday

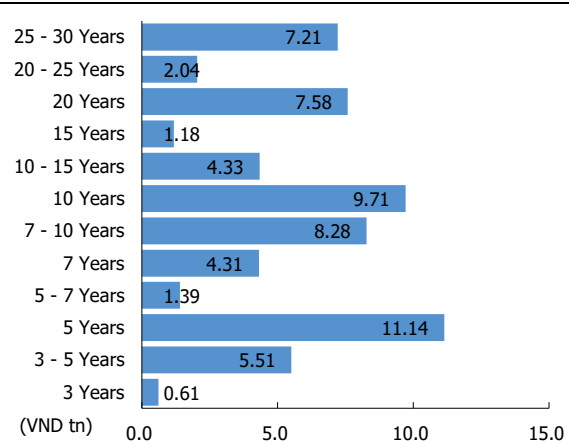
In 35W25, secondary-market G-bond yields continued to rise across maturities, while trading volume edged lower. Specifically, yields on the 5-year, 7-year, 10-year, 15-year, 20-year, and 30-year tenors increased by 8bps, 14bps, 1bp, 2bps, 4bps, and 5bps, respectively, to 3.01%, 3.39%, 3.55%, 3.62%, 3.68%, and 3.77%. Total trading volume declined to VND71.31tn, down 6.08% from the previous week and averaging VND14.26tn per day, indicating slower selling pressure that may reflect the holiday effect.

Figure 11. G-bond traded value by week



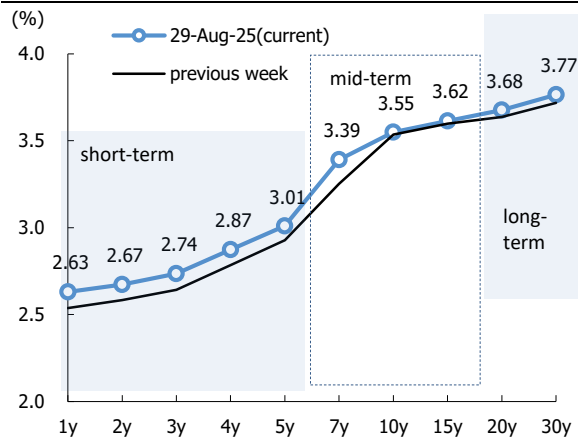
Source: HNX, Bloomberg, KIS

Figure 12. G-bond traded value by tenor



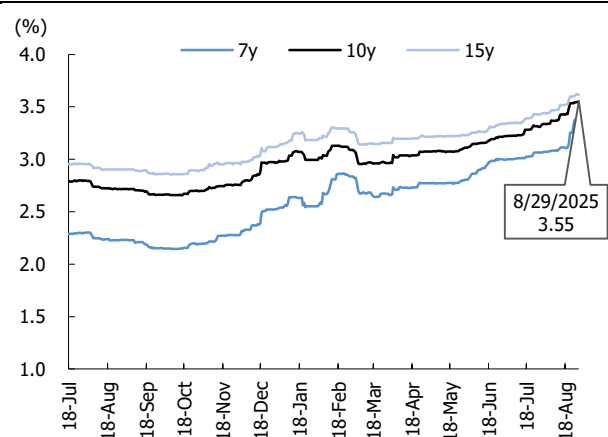
Source: HNX, Bloomberg, KIS

Figure 13. G-bond trading yield curve



Source: HNX, VBMA, KIS

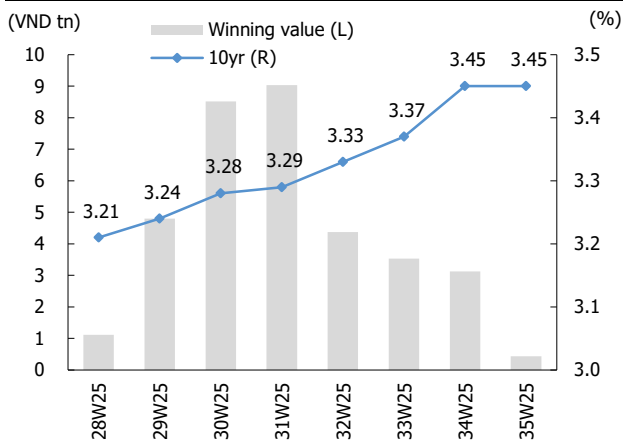
Figure 14. Historical daily government bond yields



Source: HNX, VBMA, KIS

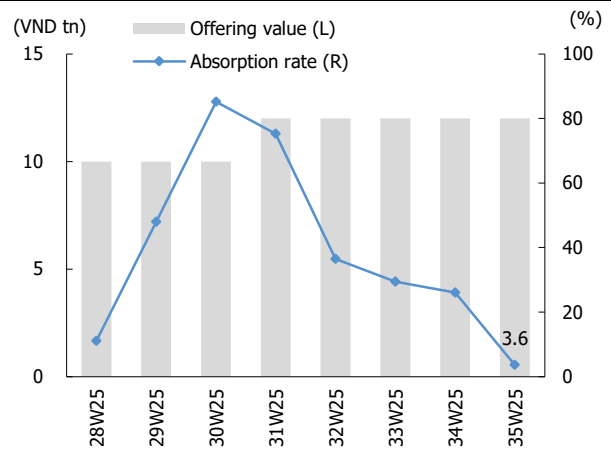
On the primary market, the 10-year yield was unchanged at 3.45%, while the winning value fell sharply. The VST issued only VND0.44tn this week, 86.1% lower than the prior week and equal to just 3.6% of the amount offered. To date, total issuance has reached VND238.71tn, completing 47.7% of the full-year target and well behind the 59.6% pace in 2024. With less than half of the target completed, issuance pressure is likely to intensify in the remaining months, particularly for the preferred 10-year tenor, which could push G-bond yields higher and prompt investors to liquidate off-the-run bonds in the secondary market.

Figure 15. Weekly winning values



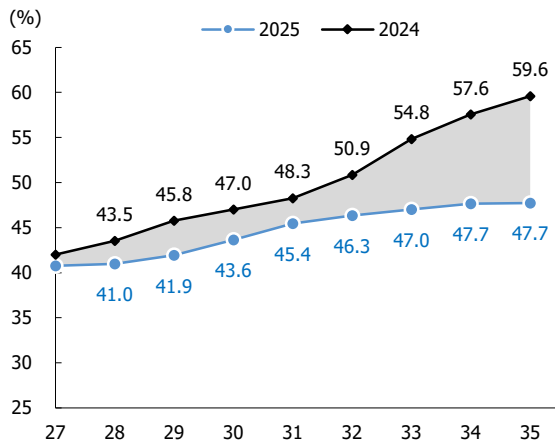
Source: HNX, KIS

Figure 16. Weekly absorption rate



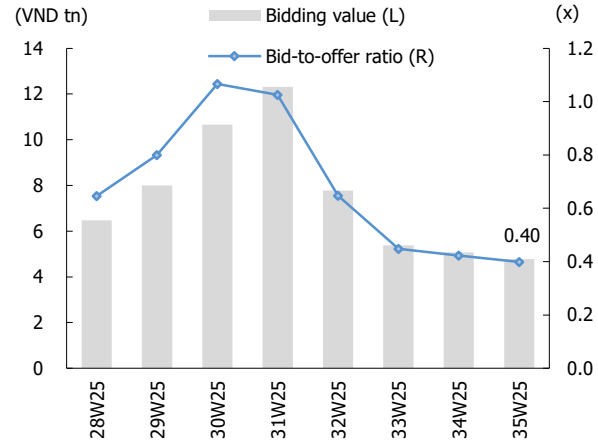
Source: HNX, KIS

Figure 17. Completion ratio by week-of-the-year



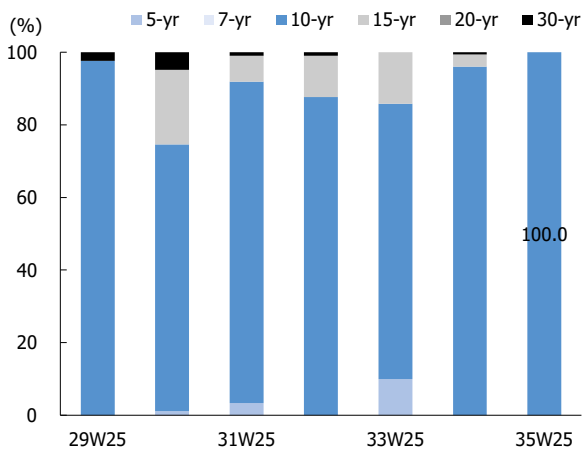
Source: HNX, KIS

Figure 18. Weekly bid-to-offer ratio



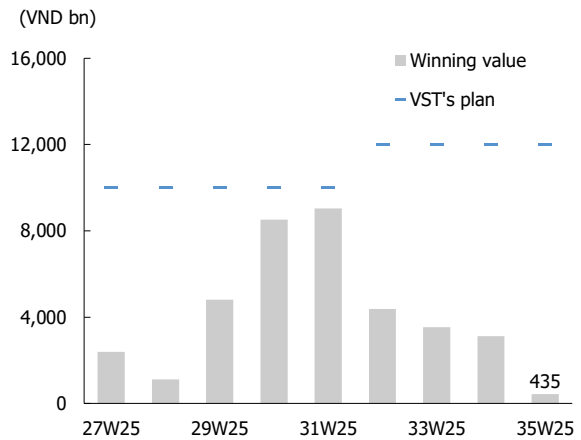
Source: HNX, KIS

Figure 19. Weekly winning G-bond structure



Source: HNX, KIS

Figure 20. Weekly issued amount of G-bond



Source: HNX, KIS

IV. USDVND pressure stalls

USDVND nearly unchanged

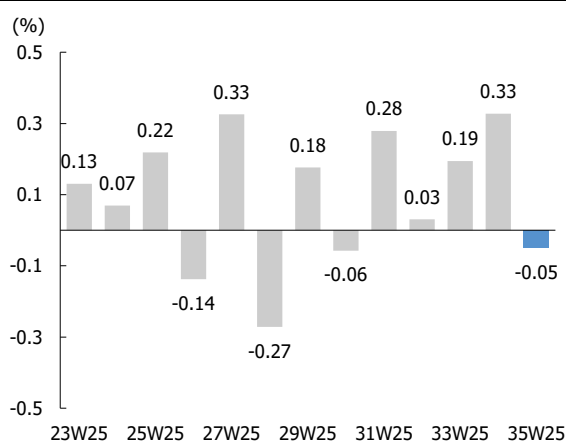
This week, USDVND was broadly flat, slipping 0.05% (13ppts), while the greenback edged up 0.06% on Friday.

Globally, the dollar moved on estimates for Q2 GDP growth, inflation, and employment. Expectations point to stronger economic growth, while PCE still indicates persistent price pressures affecting producers, and labor data remains soft, especially after the earlier adverse revisions. As a result, the probability of a rate cut at the September FOMC meeting rose to 92.1% on CME FedWatch following Chair Powell's recent remarks at the Jackson Hole symposium.

Domestically, in a light-news week, USDVND eased to 26,345 on Friday ahead of the holiday. Exchange rate pressures, in our view, remain present, especially as the VST reported a total of USD218.7mn had been distributed as cash gifts to citizens for the coming Independence Day, and this figure is just over half of the estimate, which could add pressure on the FX market. In addition, foreign investors were net sellers of VND11.14tn, or 5.3% of HOSE trading value this week, which likely create some, albeit limited, upward pressure on USDVND.

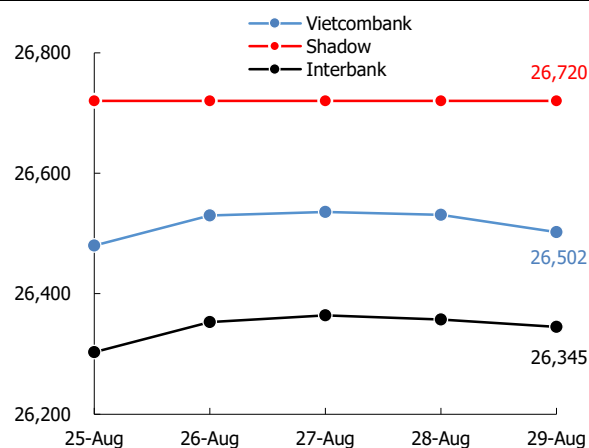
Across FX segments, Vietcombank's USDVND ask rate fell 0.18% (48ppts), while the shadow market rose 0.53% (140ppts). As of Friday, ask prices stood at 26,502 at Vietcombank and 26,720 in the shadow market.

Figure 21. Weekly USDVND performance



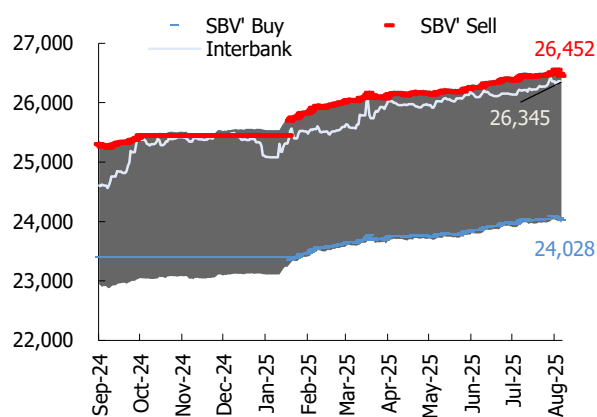
Source: Bloomberg, KIS

Figure 22. VCB & shadow market USDVND spread



Source: SBV, Vietcombank, KIS

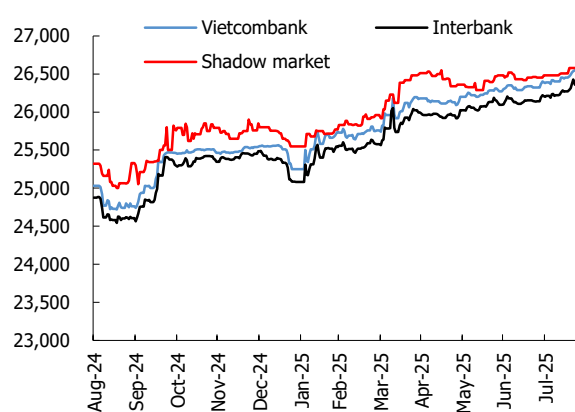
Figure 23. SBV's movement



Source: SBV, Bloomberg, Fiinpro, KIS

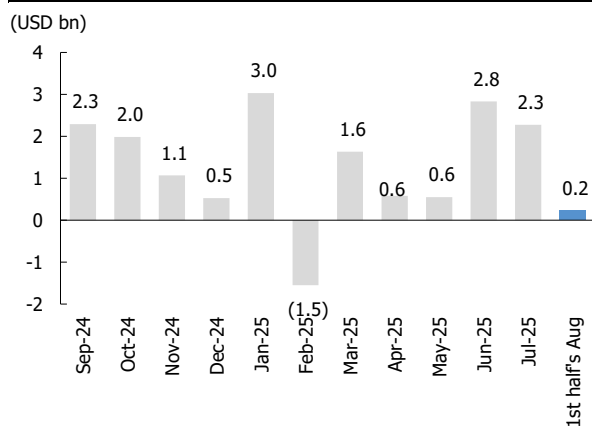
Note: shaded region is the daily trading band. The effective trading band is +/- 5% (the effective date is 17 October, 2022).

Figure 24. USDVND by market



Source: SBV, Bloomberg, KIS

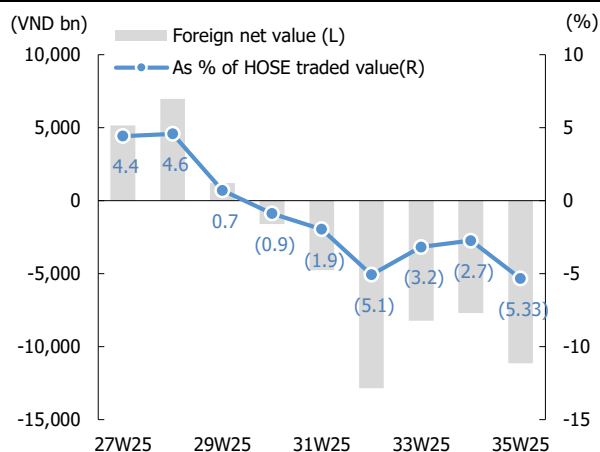
Figure 25. Vietnam's trade balance by month



Source: GSO, KIS

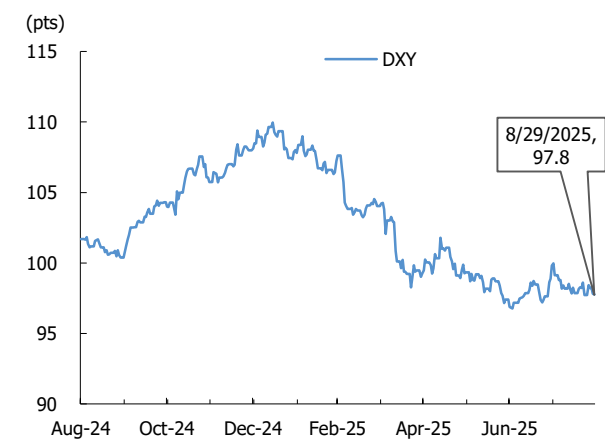
Note: Updated until 20 August, 2025

Figure 26. Trading of the foreign bloc in Vietnamese stock market



Source: Fiinpro, KIS

Figure 27. Historical DXY



Source: Bloomberg, KIS

Figure 28. Weekly change of USDVND and peers

		33W25	34W25	35W25	2025 YTD
China	USDCNY	0.06	-0.24	-0.51	-2.31
EU	USDEUR	-0.53	-0.13	0.27	-11.40
Mexico	USDMXN	1.01	-0.94	0.39	-10.15
Vietnam	USDVND	0.19	0.33	-0.05	3.36
Canada	USDCNY	0.44	0.05	-0.61	-4.75
Taiwan	USDTWD	0.53	1.96	0.02	-6.96
Japan	USDJPY	-0.37	-0.17	0.07	-6.46
South Korea	USDKRW	0.17	-0.53	0.50	-5.57
Thailand	USDTHB	0.29	0.67	-0.77	-4.99
DXY	U.S. Dollar Index	-0.33	-0.14	0.06	-9.88

Source: SBV, Bloomberg

Note: Green = appreciation; yellow = appreciate at slower pace; red = depreciation.

Macro scorecard

	25-Mar	25-Apr	25-May	25-Jun	25-Jul	3Q24	4Q24	1Q25	2Q25	2021	2022	2023	2024
Real GDP growth (%)						7.43	7.55	7.05	7.96	2.58	8.02	5.05	7.09
Registered FDI (USD bn)	2.57	4.08	2.82	3.14	2.57	9.59	13.44	10.98	10.54	31.15	27.72	36.61	38.23
GDP per capita (USD)										3,725	4,110	4,285	4,479
Unemployment rate (%)						2.23	2.22	2.20	2.22	3.22	2.32	2.26	2.24
Export (USD bn)	31.11	38.51	37.45	39.49	42.27	108.6	105.9	102.84	116.93	335.7	371.85	355.5	405.5
Import (USD bn)	32.66	36.88	36.87	36.66	40.00	99.7	101.9	99.68	112.52	331.1	360.65	327.5	380.8
Export growth (%)	25.67	14.49	19.75	16.31	15.95	15.82	11.46	10.64	18.03	18.74	10.61	-4.4	14.3
Import growth (%)	39.99	18.99	22.95	20.16	17.77	17.19	14.91	17.03	18.77	25.9	8.35	-8.9	16.7
Inflation (%)	2.91	3.13	3.12	3.57	3.19	3.48	2.87	3.22	3.31	1.84	3.15	3.25	3.63
USD/VND	25,530	25,565	25,983	26,121	26,199	24,093	25,386	25,565	26,121	22,790	23,650	23,784	25,386
Credit growth (%)	15.7	16.3	18.53	17.48	19.12	16.1	13.8	16.3	17.48	13.61	14.2	13.7	13.8
10Y gov't bond (%)	3.18	3.06	3.20	3.34	3.45	2.66	2.94	3.06	3.34	2.11	5.08	2.39	2.94

Source: GSO, Bloomberg, FIA, IMF

Appendix

Figure 1. Vietnam's balance of payment (USD bn)

	2022	2023	2Q24	3Q24	4Q24	1Q25
Current account	(1.1)	25.1	4.5	7.8	7.5	4.0
Goods, credit (exports)	371.3	354.7	97.9	108.2	105.9	102.8
Goods, debit (imports)	345.6	310.7	89.3	94.6	97.0	94.9
Balance on goods	25.7	44.0	8.5	13.6	8.9	7.9
Services, credit (exports)	12.9	19.6	5.5	5.9	6.6	7.6
Services, debit (imports)	25.5	29.1	8.3	9.8	9.6	9.2
Primary income, credit	2.3	4.6	1.4	1.4	1.4	1.3
Primary income, debit	22.0	27.0	5.4	6.1	3.8	7.2
Secondary income, credit	12.2	16.1	3.8	3.9	5.1	4.6
Secondary income, debit	6.7	3.1	1.1	1.0	1.0	1.1
Financial account	(9.5)	(2.8)	(6.3)	(2.7)	0.3	(3.5)
Direct investment, assets	2.7	1.6	(0.1)	(0.2)	(0.2)	(0.3)
Direct investment, liabilities	17.9	18.5	5.0	5.2	6.4	4.0
Portfolio investment, assets	(0.0)	0.0	0.0	(0.1)	0.0	0.0
Portfolio investment, liabilities	1.5	(1.2)	(1.6)	(0.8)	(2.0)	(1.0)
Other investment, assets	13.7	(14.3)	(5.2)	(2.6)	(4.3)	(3.5)
Other investment, liabilities	6.4	(7.4)	(4.4)	(4.2)	0.4	(2.7)
Net errors and omissions	(31.1)	(16.6)	(4.3)	(5.1)	(9.4)	(2.1)
Reserves and related items	(22.7)	(5.6)	6.1	(0.1)	1.7	1.7

Source: SBV, IMF, KIS

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